

3 - BOR Presentation

Monday, February 01, 2016
10:29 AM

South Dakota Board of Regents

Fiscal Year 2017 Budget Hearing
Joint Appropriations Committee
February 2-3, 2016



Senator Deb Peters
Chair



Representative Justin Cronin
Chair



Senator Larry Tidemann
Vice Chair



Representative Dan Dryden
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*Stewardship of Public Higher Education in
South Dakota*



Kathryn Johnson



Jim Morgan



Kevin Schieffer



Joseph Scharz



Board of Regents' Strategic Plan: Our vision and mission

- Randy Schaefer, President

The 2020 Mission Statement

- The South Dakota Board of Regents' mission is to **provide an excellent, efficient, accessible, equitable, and affordable public university and special schools system**
 - that **improves South Dakota's overall educational attainment and research productivity,**
 - while **enriching the intellectual, economic, civic, social, and cultural life of the state, its residents, and its communities.**

65 Percent by 2025!

- Goal is based on projections that roughly 65% of all jobs in our state will require some level of postsecondary education by 2020.
 - Data from Georgetown University Public Policy Institute's Center on Education and the Workforce.

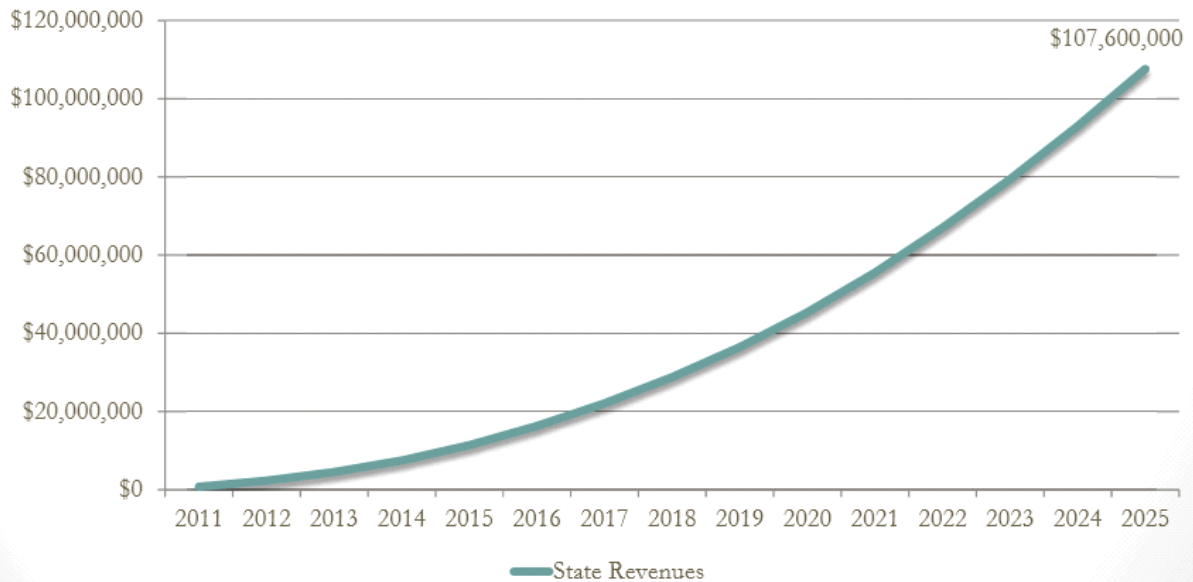


65 Percent by 2025!

- Regents seek statewide goal: 65% of South Dakotans, age 25-34, holding some type of postsecondary credential by 2025.
- If agreed to, all postsecondary partners work together to deliver on 65% goal: public, private, technical and tribal.
- Adopted by the Workforce Development Council.
- Thank you, Gov. Dugaard, for your support! (*State of the State message, Jan. 12, 2016*)

Projected Revenues from Meeting 65% Goal

(NCHEMS/CLASP)



Source: NCHEMS; CLASP

Our Goals: Public Higher Education is Vital to South Dakota's Prosperity

• Student Success

- Grow degree production to 7,450 per year by 2020.



Our Goals: Public Higher Education is Vital to South Dakota's Prosperity

- **Academic Quality and Performance**

- Document that academic programs are of the highest quality.



Our Goals: Public Higher Education is Vital to South Dakota's Prosperity

• **Research and Economic Development**

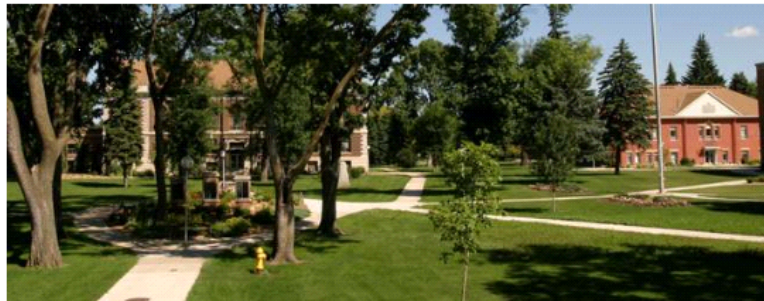
- Increase annual research and contract expenditures to \$150 million by 2020.
 - Advance knowledge
 - Enhance technology transfer and commercialization
 - Catalyze economic development



Our Goals: Public Higher Education is Vital to South Dakota's Prosperity

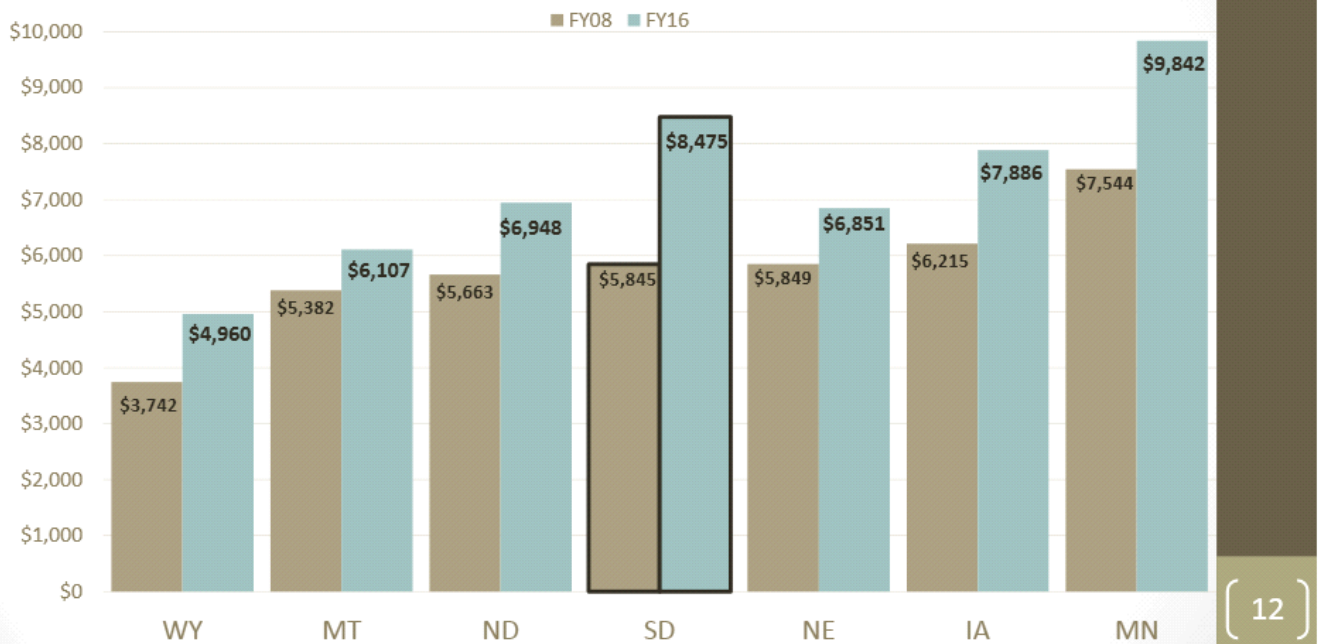
- **Affordability and Accountability**

- Reduce South Dakota's tuition and fee ranking to regional average by 2020.
- Create and capitalize on efficiencies in the Regental System.



Competition in the Region

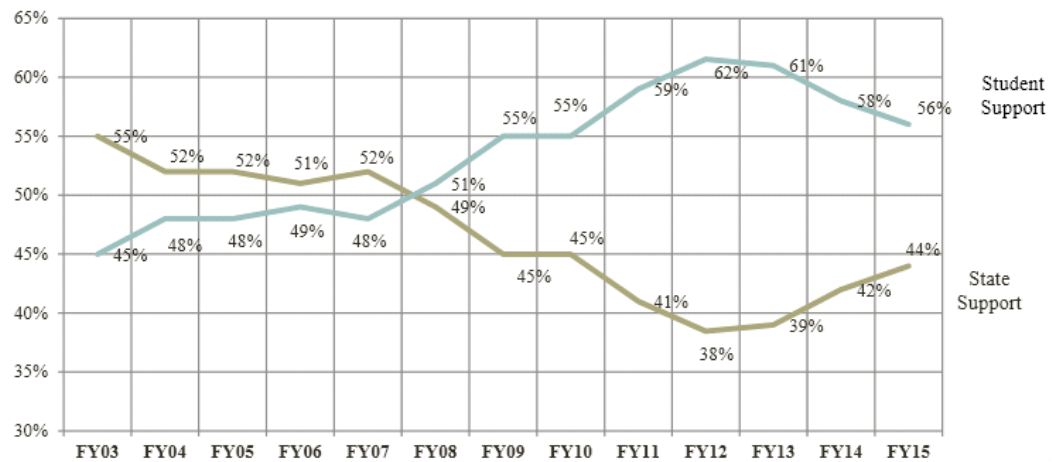
FY16 as compared to FY08 Undergraduate Resident
Tuition and Requires Fees



Source: BOR Fact Books

State Support Impacts Affordability

- The 2014 tuition freeze, supported by the Governor and the Legislature, improved affordability for SD students.



State support of South Dakota public higher education increased from **38%** to **44%** over the past three years.

Source: BOR Fact Book FY 2016

The state of public higher education in SD

- Mike Rush, Executive Director & CEO

As an economic
engine

Higher Education

- Attracts income
- Generates income
- Attracts business
- Enhances individual wealth



Attracts Income

- **\$299 million** in federal money in FY14
 - Compares to \$194 million from General Fund



Source: SDBOR FY2016 Fact Book

Generates Income

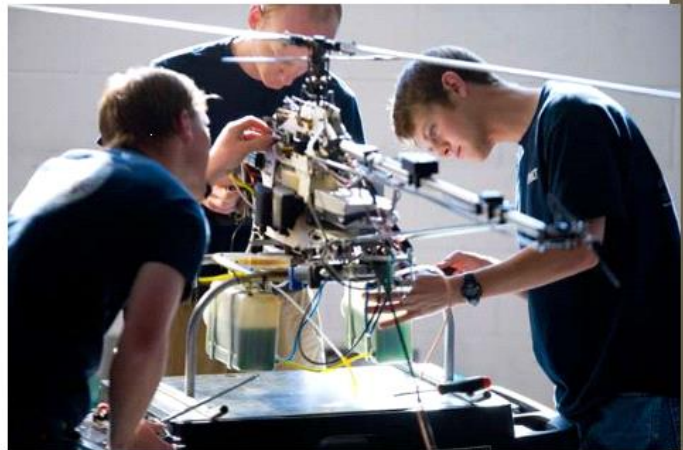
- SD's public universities generate \$1.97 billion per year in long-run annual economic impact
 - BHSU - \$191 million
 - DSU - \$110 million
 - NSU - \$157 million
 - SDSMT - \$148 million
 - SDSU - \$766 million
 - USD - \$522 million



Source: University of South Dakota, Government Research Bureau (2010)

Attracts Business

- Workforce
- Family benefits
- Social and economic climate



- Business expertise
- Research partnerships

Milken Institute Study on Economic Development



A Matter of Degrees:

The Effect of Educational Attainment on
Regional Economic Prosperity

Milken Institute Study

A Matter of Degrees: The effect of educational attainment on regional economic prosperity

- Key Findings:
 - Education increases regional prosperity
 - Better educated, bigger benefits.



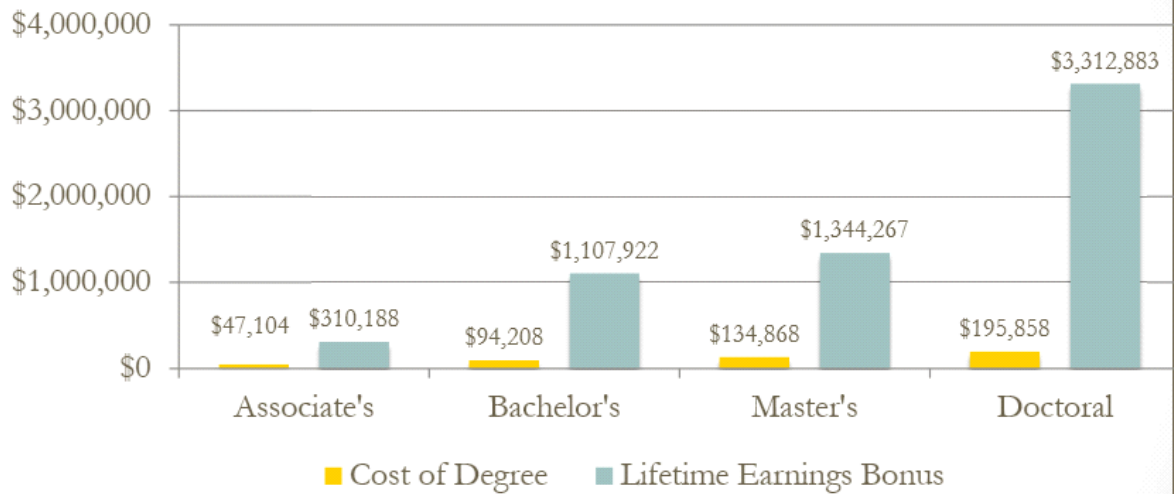
Add one year of college to the region's workforce, and GDP per capita jumps 17.4%

Enhances Individual Income

- Some College – 13% higher
- Associate degree – 26% higher
- Bachelors degree – 72% higher



Return on Investment by Degree Level (2013)



ROI
7 to 1

ROI
12 to 1

ROI
10 to 1

ROI
17 to 1

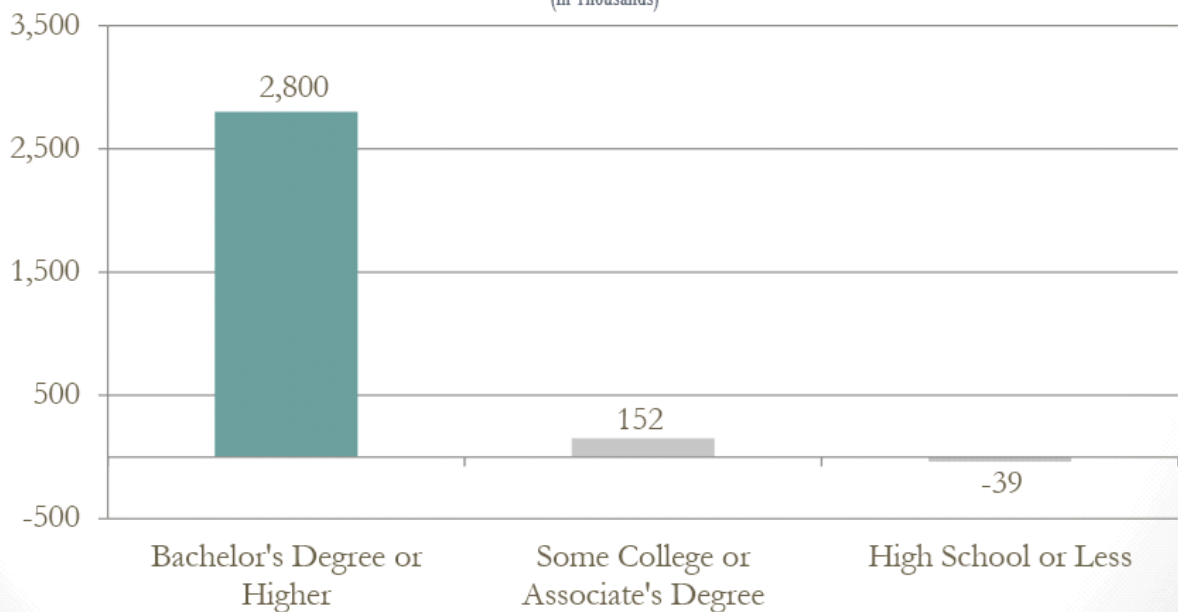
(23)

Source: US Census Bureau, American Community Survey (PUMS), 2013

New US High-Paying Jobs by Degree Level

2010-2014

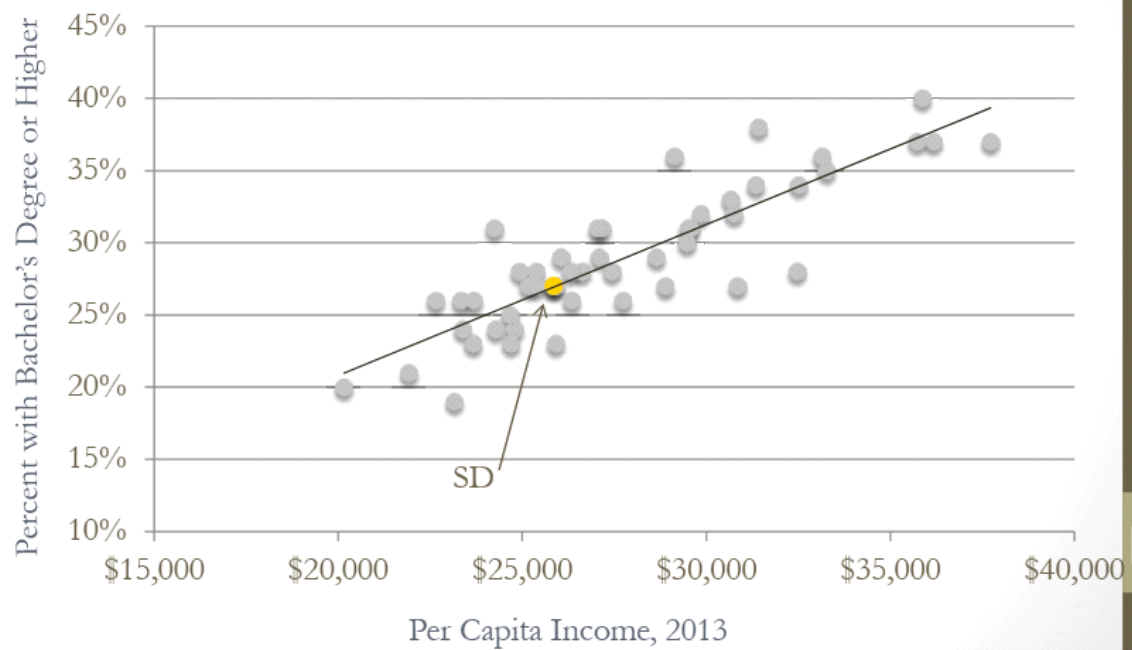
(in Thousands)



Source: Georgetown University Center on Education and the Workforce (2015). *Good Jobs are Back: College Graduates are First in Line*

Impact of Education on Income

States by Income and Education, 2013



Source: US Census Bureau, American Community Survey, 2013

Strengthening South Dakota Economic, Social, and Human Capital

Higher state revenue

Less welfare

Better Health and Retirement

More charitable giving

Increased voter participation and civic
engagement



Source: The College Board (2013). *Education Pays*; Institute for Higher Education Policy (1998). *Reaping the Benefits: Defining the Public and Private Good of Going to College*

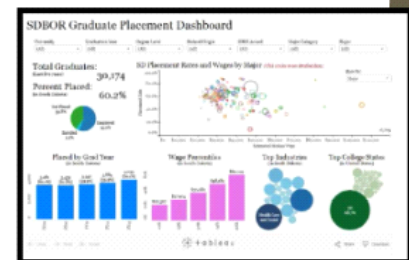


Accountability to our Students and Citizens

Measuring Our Progress

Ensuring Accountability & Transparency

- SDBOR *Fact Book*
 - www.sdbor.edu/mediapubs/factbook/index.htm
- SDBOR Interactive Dashboards
 - www.sdbor.edu/dashboards
- SDBOR Strategic Plan – 17 System Metrics
 - www.sdbor.edu/theboard/StrategicPlan
- Council of Higher Education Accountability Report
- Presidential Evaluations



Improving Student Preparation & Retention

- ***Department of Education Collaborations***

- Placement Aligned with State Assessments
- High School Remediation Coursework

- ***Improving Remedial Performance***

- Bridge Programing - South Dakota Jumpstart
- Co-requisite Remedial Courses

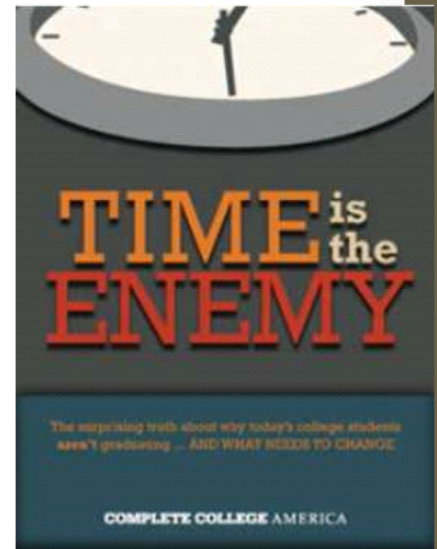
- ***First Year Targeted Interventions***

- Early-alert System (Starfish)
- Intrusive & Professional Advising



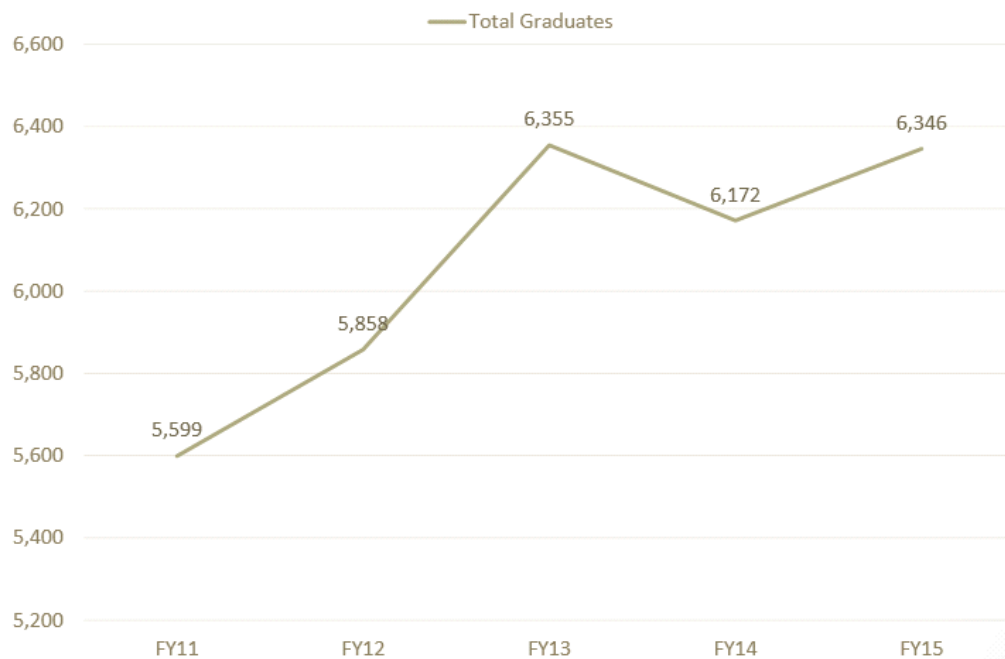
Fostering On-Time Degree Completion

- ***Creating a Finish in 4 Year Mindset***
 - Exploratory Studies
 - 15-to-Finish Models
- ***Targeted Policy***
 - Credit-Hour Requirements – 128 to 120
 - Student Success Collaborative (SDSU)
- ***Transfer & Non-Traditional Students***
 - Articulation Agreement Expansion
 - General Studies Degree Expansion



Improving System Completion

13% Increase in Total Graduates Since FY11



Helping At-Risk Students Succeed

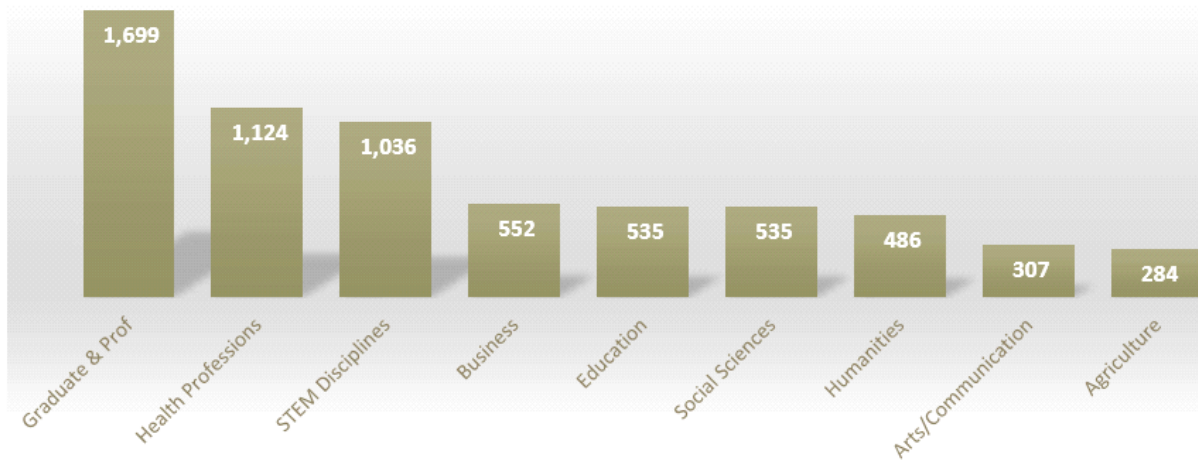
Year	Low-Income Students	American Indian Students	Nontraditional Students	Underprepared Students
FY11	2,343	108	990	1,320
FY12	2,527	144	1,092	1,278
FY13	2,742	142	1,244	1,461
FY14	2,657	124	1,152	1,362
FY15	2,641	145	1,287	1,342
Change	+13%	+34%	+30%	+2%

Source: Regents Information Systems

Filling the Workforce Pipeline

- Preparing South Dakotans for tomorrow's workforce

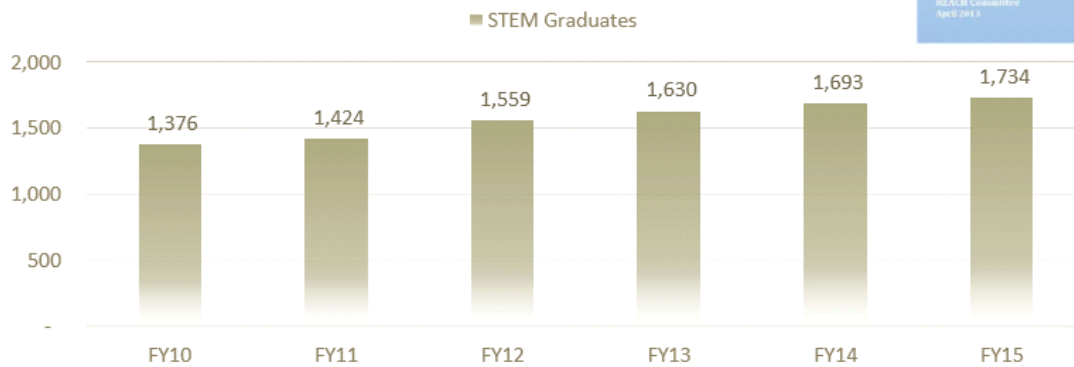
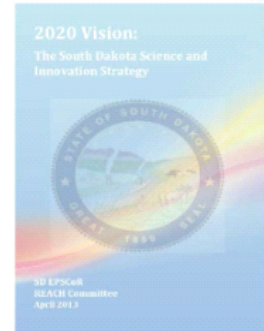
2014-2015 Degrees
from SD Public Universities



Source: Regents' Information Systems

2020 Vision: The South Dakota Science and Innovation Strategy

- **Graduate programs to foster new innovations**



Source: Regents' Information Systems

Responsive Academic Programming (Since 2011)

- **Rigorous approval process for new programs**
- **Rigorous annual and 7 year review of existing programs**

<i>2011-2015</i>	ADDED	TERMINATED
Undergraduate Majors	12	26
Undergraduate Minors	50	18
Undergraduate Certificates	27	8
Undergraduate Specializations	7	24
Graduate Degree Programs	22	5
Graduate Certificates	12	1
Graduate Specializations	8	2

Academic Programming for Economic Development

Programs related to Key Industries	
Bioscience BS, Applied Biological Sciences <i>SDSM&T</i> PhD, Biochemistry <i>SDSU</i>	Oil and Gas Minor, Petroleum Systems <i>SDSM&T</i> Minor, Sustainable Energy Systems <i>SDSU</i>
Financial Services Minor, International Business <i>NSU</i> MA, Banking & Financial Services <i>NSU</i>	Shooting, Hunting, and Outdoors Minor, Conservation & Biodiversity <i>USD</i> Minor, Events & Facilities Admin <i>SDSU</i>
Professional Business Services Minor, Social Media Marketing <i>USD</i> MS, Analytics <i>DSU</i>	Value-Added Agriculture Minor, Precision Agriculture <i>SDSU</i> MS, Ag & Biosystems Engineering <i>SDSU</i>

Producing Graduates with Information-Age Skills and Knowledge

- Literacy and communication
- Critical thinking
- Collaborative problem solving and decision making
- Numerical and scientific reasoning
- Computer fluency and use of technology
- Subject-matter proficiency
- Understanding social, organizational, and technological systems
- Individual and social responsibility
- Self-management
- Integrity, teamwork
- Creativity, enthusiasm, initiative
- Understanding ethics, values, and how society, government, and business work
- Coping with change; how to make things change
- Being assertive to get concerns addressed
- Taking charge of your own learning

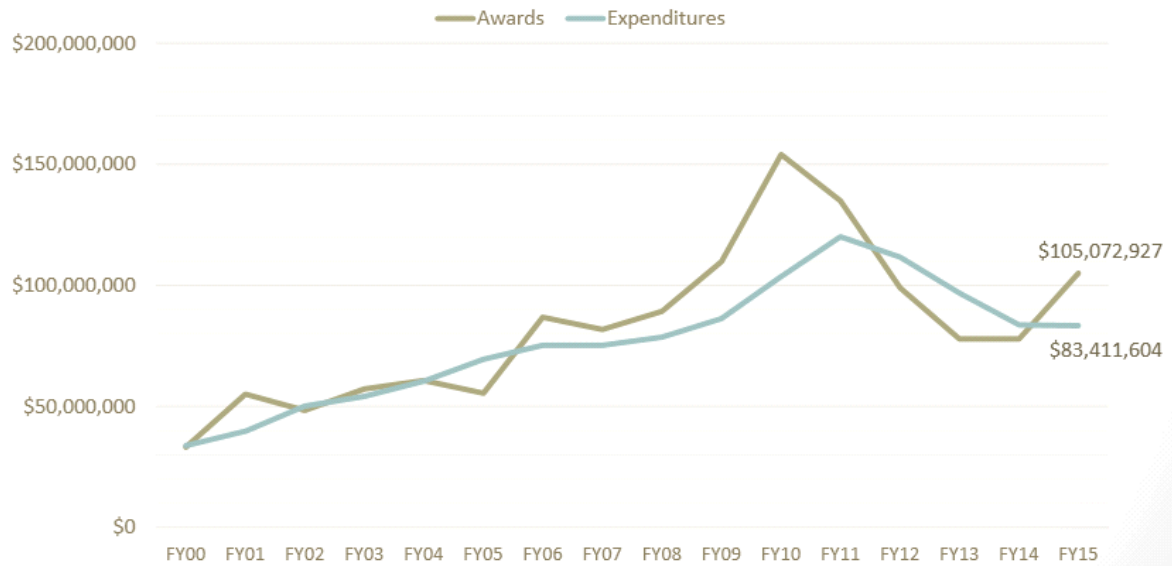
Fact Check: What kind of graduates does a major South Dakota employer hire?

- **College majors of recently-hired graduates working for Wells Fargo**

- Finance
- Accounting
- Business Administration, Business Management, Business Marketing, Business Economics
- Computer Science
- Education-Teaching, Special Education
- Speech Communications
- Economics
- Sociology
- Agricultural Science, Agricultural Business/Economics
- Communications-Public Relations
- Banking and Finance
- Service Management
- Music
- Spanish
- Biology

Research is Economic Development

SDBOR Research Activity FY00-FY15



Source: SDBOR Office of Academic and Research Affairs

Research is Job Development

- **FY15 Job creation - Faculty research efforts (FTE): 610**
- **Research innovations – FY07-FY15**
 - Invention disclosures – 456
 - Patent & intellectual property protections filed – 202
 - Patents/licenses issued – 116



Source: BOR system office



FY17 Budget Request

State HEFF Match - Year Four of Four

LRC Budget Briefing
Pages 4 & 6

- Governor's Recommendation:
\$3,274,464
- Safe, efficient and appropriate
- 2% replacement value

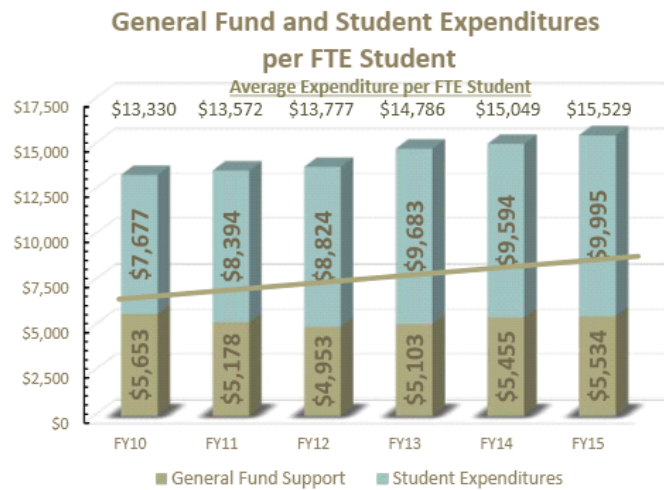


Fiscal Year	Replacement Value (in millions)	M&R Allocated (in millions)	% of Replacement Values
FY11	\$ 945,224,939	\$ 8,778,712	0.9%
FY12	\$ 964,530,324	\$13,372,636	0.9%
FY13	\$1,093,628,653	\$15,917,778	1.5%
FY14	\$1,135,770,710	\$18,590,650	1.6%
FY15	\$1,184,230,289	\$20,068,760	1.7%
FY16	\$1,260,771,828	\$22,563,326	1.8%
FY17	\$1,291,889,484	\$25,837,790	2.0%

Resident State-Support Tuition Freeze

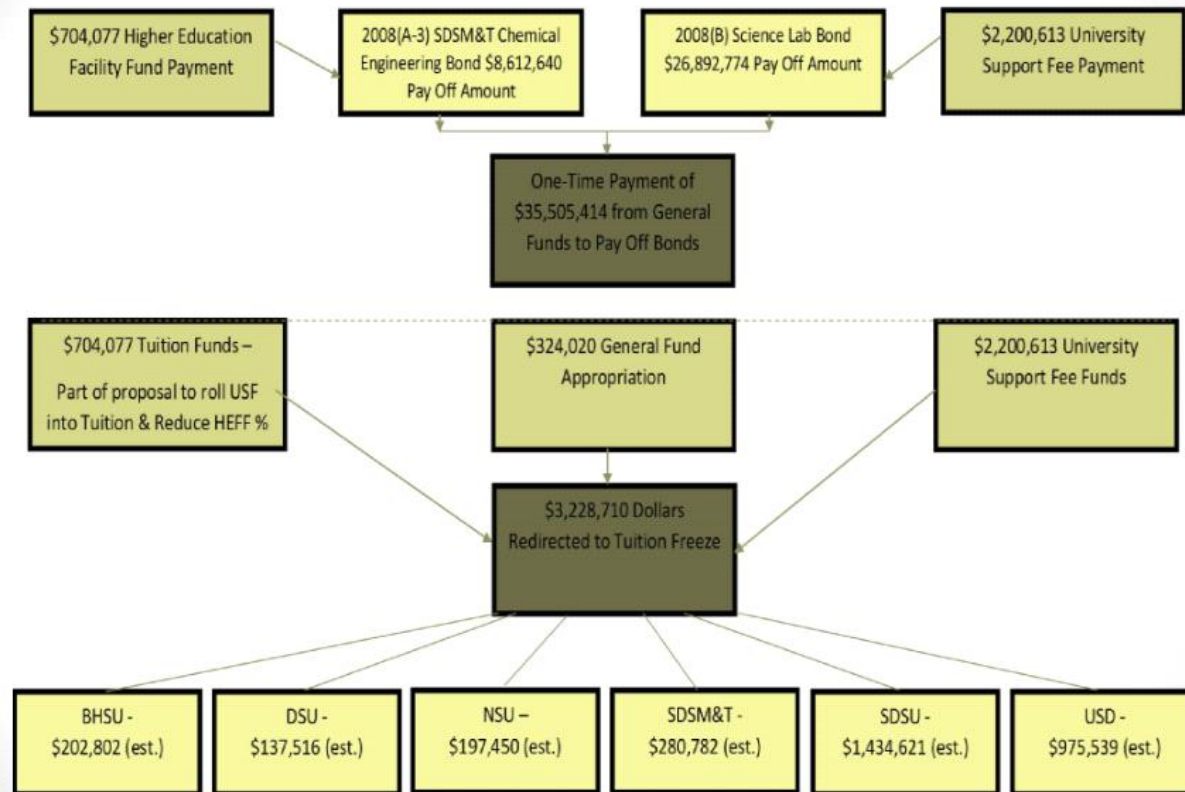
LRC Budget Briefing
Page 7

- Governor recommends paying off Bonds and adding \$324,020 in general funds
- Total redirected to tuition freeze is \$3,228,710
- Reduce tuition proportion of cost
- Goal: 50/50 split between student support and state support



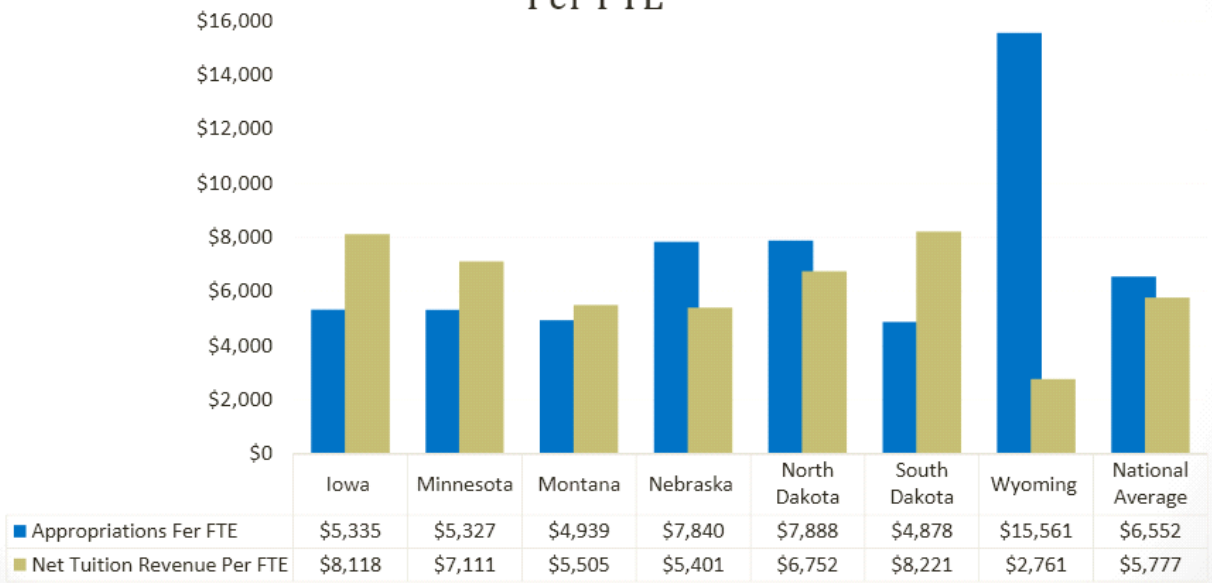
BOR Strategic Goal 4: Affordability & Accountability

FY2017 Proposal to Prepay BOR Bonds and Fund a Tuition Freeze for Resident Students



Lower State Support Drives Higher Tuition

FY14 Public Postsecondary Education Educational Appropriations and Net Tuition Revenue Per FTE



Source: SHEEO State Higher Education Finance (SHEF) Report, 2014
(Note: SHEF data adjusted for enrollment mix and cost of living, so numbers will differ from BOR Fact Book.)

National Guard, Teacher and State Employee Tuition Support

LRC Budget
Briefing, page 7

- Governor's Recommendation:
 - General Fund - \$390,054
 - Transfer \$230,098 from Department of Military



SD BOR Strategic Goals 1 & 4: Student Success and Affordability & Accountability

National Guard, Teacher and State Employee Tuition Support

LRC Budget Briefing,
Page 4, 13-14

- Simplifies tuition and fees
- Maximizes federal tuition assistance for military personnel
- Requires legislation to change HEFF percentage from 20% to 11.5%

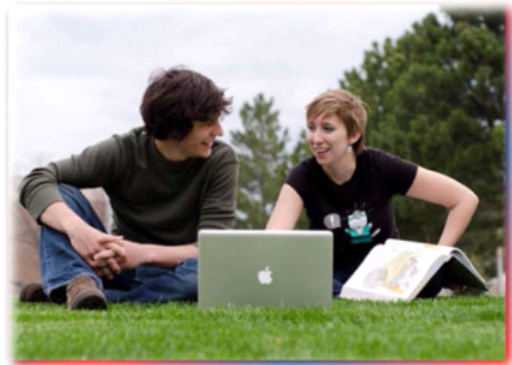


SD BOR Strategic Goals 1 & 4: Student Success and Affordability & Accountability

South Dakota Opportunity Scholarship

LRC Budget Briefing,
Page 10

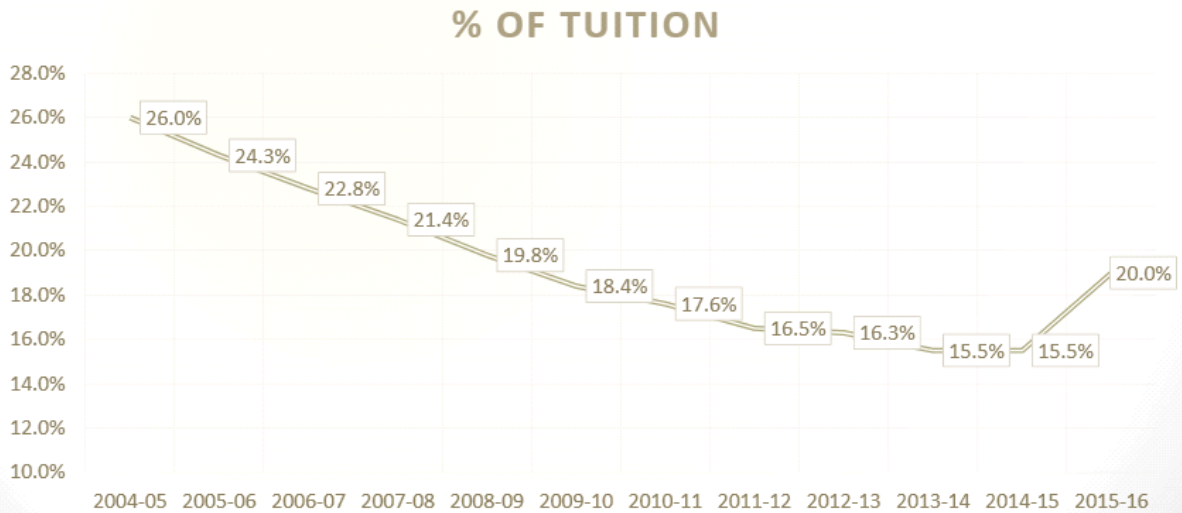
- Governor's Recommendation: \$434,369
- Changes in 2016 to \$1,300 for first 3 years and \$2,600 for final year
- 1,100 new students each year
- 2nd year of students to receive increased funding



Re-Establishing Value

LRC Budget Briefing,
Page 10

- \$5,000 award equaled 26% of four-year tuition costs in 2004
- Decreased in value to 15.5% in 2014-15
- \$6,500 award is 20% of the tuition and mandatory fees



Source: BOR Fact Book

REED Network Equipment Replacement

LRC Budget Briefing
Page 8

- Governor's Recommendation:
 - \$250,920 per year for five years
- Existing routers need replaced - \$1,254,600
- The Research, Education and Economic Development (REED) Network has provided a robust and reliable network for higher education, SURF, and EROS
- Research collaboration with other states as well as within South Dakota



(50)

Center for the Prevention of Child Maltreatment

LRC Budget Briefing
Pages 4, 12-13



- Governor's Recommendation:
 - \$210,725 and 1 FTE
- Jolene's Law Task Force
- Educate and provide assistance
- State and local agencies and regionally

Need Based Scholarship Endowment

FY16 GB Amendment –
SB 48 & SB 67

- Governor's Recommendation:
 - \$1.4 million in health insurance savings from tuition funds transferred to Endowment
 - One-time General Fund appropriation of \$2.1 million
 - Will grow the Endowment from \$1.5 million to \$5 million
 - Will produce from \$100,000 (2%) to \$200,000 (4%) in awards each year



SD BOR Strategic Goals 1 & 4: Student Success and Affordability & Accountability

Need Based Scholarship Endowment

FY16 GB Amendment –
SB 48 & SB 67

- 60% eligibility for PELL Grant funding
- Currently, \$12.80 per PELL eligible student
- Affordability and accessibility continue to be hurdles for many academically accomplished students

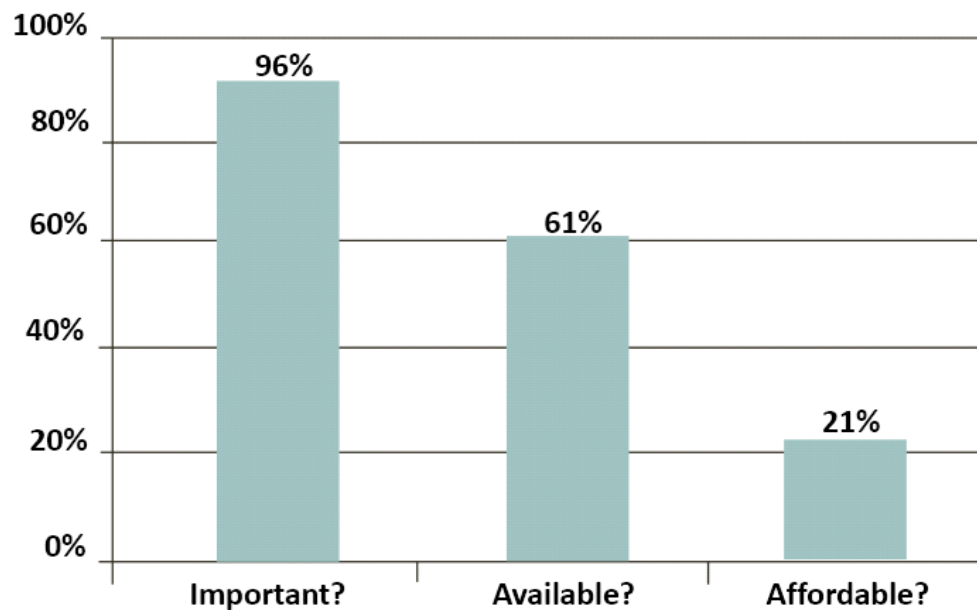
	Need-Based Funding	PELL Eligible Students	Need Funding per PELL Eligible Student
South Dakota	\$200,000	15,629	\$12.80
North Dakota	\$9,193,000	13,156	\$698.77
Wyoming	\$167,000	7,849	\$21.28
Colorado	\$67,332,000	102,266	\$658.40
Iowa	\$48,854,000	152,554	\$320.24
Minnesota	\$119,894,000	107,688	\$1,113.35
Montana	\$5,288,000	16,857	\$313.70
Nebraska	\$14,948,000	34,895	\$428.37
Total/Average	\$265,876,000	450,894	\$589.66

SD BOR Strategic Goals 1 & 4: Student Success and Affordability & Accountability

Public Perception

The Affordability Disconnect

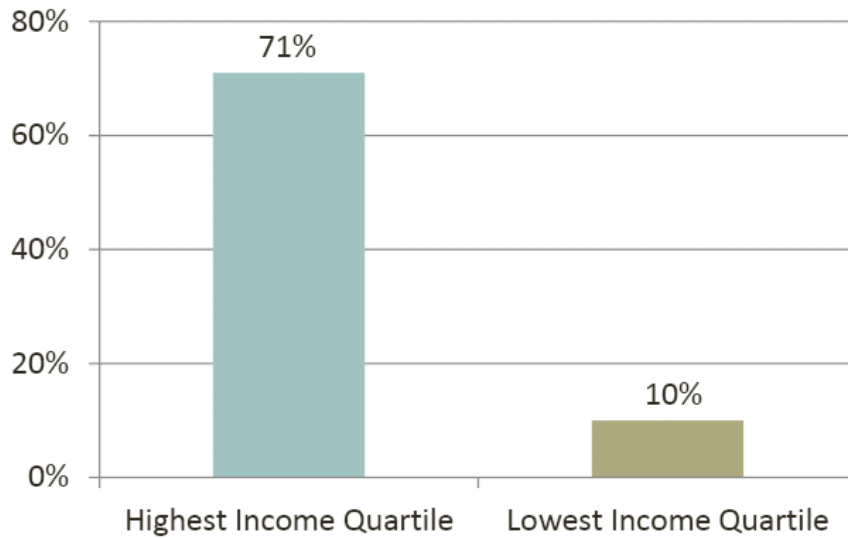
Percent of US adults agreeing that higher education is:



The Obstacles

Completion Rates by Income

Baccalaureate Degree Attainment by Age 24

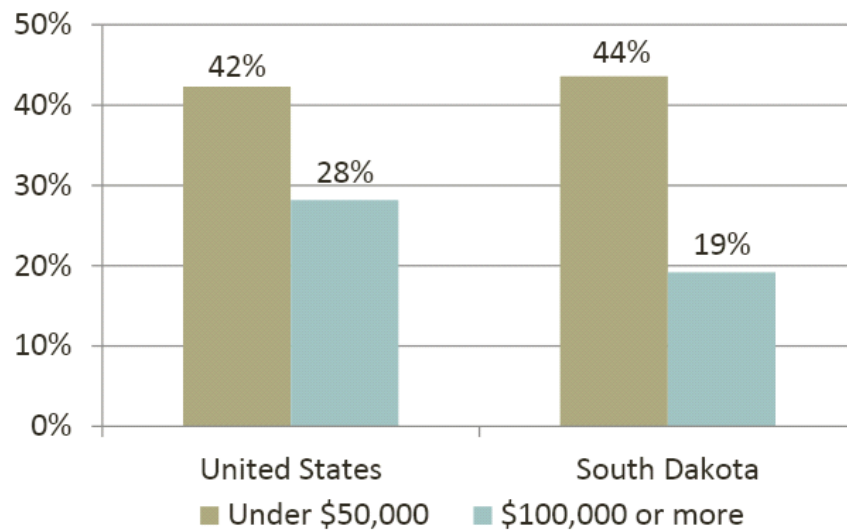


Source: Postsecondary Education Opportunity, 245 (November 2012)

The Obstacles

Ability to Pay for Higher Education

Percent of families with school-age children by annual family income:



Animal Disease Research and Diagnostic Laboratory Design Study

HB 1080

- Governor's recommendation: \$1,575,000 from the Livestock Disease Emergency Fund
- Total planning costs - \$2,742,000
 - \$535,000 spent to date from ADR&DL funds
 - \$635,000 available from ADR&DL funds if needed



SD BOR Strategic Goal 3: Research and Economic Development

Mission

- Protect the SD livestock industry,
 - the health of animals, and
 - the welfare of society



South Dakota University System



